Supreme Court, U.S.
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No. 98-600

In The
Supreme Court of the United States
October Term, 1998

CORRECTED COPY

AT&T CORPORATION,
Petitioner,

v.

ROBERTA E. ANDERSON, ET AL.,
Respondents.

Petition For A Writ Of Certiorari To The United States Court of Appeals For The Sixth Circuit

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI
with Appendix

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November 20, 1998

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QUESTION PRESENTED FOR REVIEW

Should this Honorable Court accept for review a decision of the United States Court of Appeals for the Sixth Circuit, which reversed a District Court judgement in favor of Defendant AT&T and ordered the District Court to enter partial summary judgement for the fifty-eight (58) plaintiffs-employees because, AT&T contends the Court erred in their decision which held:

1) **that the plaintiffs have standing to enforce the clear and unambiguous promises made by AT&T to induce plaintiffs to end a 26-day strike which cost AT&T approximately $140,000,000 and to finalize a collective bargaining agreement;**

2) **that the fifty-eight (58) plaintiffs-employees qualify as third-party beneficiaries under the collective bargaining agreement;**

3) **that a lawsuit pursuant to Section 301 of the Labor Management Relations Act (LMRA) brought by individuals as third-party**

beneficiaries of a collective bargaining agreement is not subject to a six-month statute of limitations but may use the applicable state statue of limitations for a breach of written contract pursuant to DelCostello v International Bhd. Of Teamsters, 462 U.S. 151 (1983);

4) and that a collective bargaining agreement can confer benefits on employees in one bargaining unit that survive the employees' transfer to another bargaining unit in which they are represented by a different union.

PARTIES TO THE PROCEEDING

The petitioner is AT&T Corporation.

The respondent's are:

Roberta E. Anderson	Ruth C. Banner
Roseann V. Beauchamp	Bernard R. Bitting
Cathy D. Blackburn	Betty Branon
Trosia S. Champagne	Annie R. Clinton
Sylvia C. Cullens	Mary B. Dalton
Betty Gail Davis	Evelyn Dorsey
Pasty Green (Eller)	James S. Gabriel
Diane S. Hadley	Tommie Henderson
Ethel Romaine Hollis	Mary W. Jackson
Susie D. Johnson	Becky Jordon
Jane C. Kimmer	Linda S.Lankford
Phyliss S. Penn	Janie H. Pierce
Mildred B. Powell	Rosa Marie Rice
Barbara M. Rodgers	Reginald B. Scales
Evonne D. Simmons	Doris Ann Smith
Wade L. Tyner	Marie Wood

(Plaintiffs – Transferred from North Carolina)

Elena M. Ashford
Juanita M. Bowen
Jerry G. Combs
George W. Driver, Jr. Ruby
Mays Fountain
Darrell W. Hankins Claron L.
Hartman
Carolyn Hayes
Ethel L. Hoskins
Alma J. Johnson
John Hue Littleton
Helga L.Scott
Gary L. Shelton
Linda F. Shelton
Carl D. Tompkins
Lela K. Tyler
Gary C. Walk
Lynn Worden

(Plaintiffs – Transferred from Kansas City)

Marlon Bender
Elmer D. Caudill
Sharon A. Crissinger
Thomas M. Gregoire
Gabriele H. Johnson
Stephen P.McCartney
Christian W. Muller
Arthur Eugene Riggle

(Plaintiffs - Transferred from Phoenix)

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STATEMENT OF THE CASE

A twenty-six (26) day strike in June of 1986, by the Communications Workers of America (CWA) cost AT&T Corp. (AT&T) approximately $140,000,000. (APP. B).

Robert E. Allen, President elect of AT&T in 1986, took desperate measures to end the strike and went outside the collective bargaining process and on June 12, 1986, sent a letter via the United States Postal Service to each striking employee. The letters were mailed to their residences. Mr. Allen's letter promised, among other things, supplemental wage payments and pension adders for as long as the employees remained in a production position with the company. (APP. A). The key parts of Mr. Allen's letter were also contained in advertisements and placed in newspapers across the country in cities where CWA members were on strike.

Mr. Allen's letter, among other things, resulted in the strike being settled and a collective bargaining agreement finalized. An appendix to the collective bargaining agreement contained clear and

unambiguous language regarding the supplemental wage payments and pension adders promised in Mr. Allen's letter. (APP. D and APP. E). The applicable provision stated in part:

> a. These special hourly payments shall began as of June 29, 1986, and will continue as long as the employee remains in a PRODUCTION OCCUPATION LEVEL (emphasis added).

There was no asterisk at the end of the statements referencing an explanation that the benefits were only available and portable if the employee transferred to another CWA location. Moreover, there was no specific language contained anywhere that limited or restricted the clear and unambiguous language of these "evergreen" benefits.

The AT&T and CWA collective bargaining agreement (MFG – III) was signed on June 29, 1986.

The CWA's final bargaining report of 1986 was issued to all union members including the fifty-eight (58) plaintiffs-employees. Nowhere in this

report were there any limitations, restrictions or caveats pertaining to the supplemental wage benefits and the pension adders. (APP. C).

In 1988, when CWA members started transferring to other locations because AT&T was closing various facilities, R. E. Bullock, a manager of Human Resources for AT&T, issued a joint memorandum with E. P. Hubbard, the President of CWA Local 3060 in North Carolina, explaining how the facility closing program would work. (APP. F). The memo did not state that employees would lose their supplemental wage payments when they moved to another location. To the contrary, the only statement about these benefits was the following:

> 5. "Special hourly payments language to be developed upon conclusion of discussions at the national level between the union and the company."

Roberta Anderson and all the other fifty-seven (57) plaintiffs-employees relied on the promises and representations of Mr. Allen, other AT&T officials and CWA officials. (APP. G).

These people made difficult family financial decisions based upon the promises and the clear and unambiguous contract language.

Upon their transfer to Columbus, Ohio, the supplemental wage payments ceased. They asked AT&T officials to pay them the supplemental wage payments as promised. AT&T refused. They asked for help from the CWA and the International Brotherhood of Electrical Workers (IBEW) for help. Both unions refused. The fifty-eight (58) plaintiffs-employees found themselves in "NO MAN'S LAND" with no other option than to seek redress from the federal court.

AT&T places great emphasis on the statements of CWA official Ron Allen. Mr. Allen has asserted that the language of the contract never meant that the supplemental wages and pension adders would transfer with the employee (PETITIONERS APP. K1). However, AT&T at every step of the way has failed to provide an explanation to the following:

1) If there were limitations on AT&T's promises about these benefits, then why, with all the labor attorneys at

the beck and call of AT&T and CWA officials, didn't the people drafting the language use language that stated what they really meant?

2) If it was clear that these benefits were not portable, why wasn't this issue highlighted in the joint collective bargaining report?

3) If it was clear that these benefits were not portable, why wasn't this made clear in the joint memorandum issued in February of 1988 by AT&T Human Resources Manager, E. R. Bullock, and CWA local 3060 President, E. P. Hubbard? This was almost two (2) years after the 1986 collective bargaining agreement was finalized.

4) If AT&T wanted to maintain its integrity and keep its word, then why didn't it invoke the "reservation of

management rights clause" (APP. J) contained in every IBEW collective bargaining agreement and pay the AT&T employees who were entitled to the supplemental wage payments?

CWA official Ron Allen's credibility is truly in question in light of all of the evidence which contradicts his testimony and in light of the fact that the fifty-eight (58) plaintiffs-employees were no longer members of the CWA and were no longer paying dues or voting in CWA elections. Also, given the history of poor relations between the CWA and IBEW, there may be other reasons why Mr. Allen's testimony contradicts direct statements made to local union presidents in 1986.

AT&T is less than disingenuous when it states that it lost three (3) arbitration cases regarding CWA employees as a result of issues not relevant to this matter. Nothing could be further from the truth. The key issue before the three (3) arbitrators was whether the supplemental wage payments were lifetime benefits and whether they were portable. Each arbitrator unequivocally

stated that the supplemental wage payments were lifetime benefits and that they were portable. Even after losing three (3) arbitration decisions, AT&T continued to renege on its promises when an employee transferred from a CWA location to another CWA location.

AT&T, in its 1995 Annual Report, proclaimed with emphasis, "we are honest and ethical in all our business dealings, starting with how we treat each other. We keep our promises and admit our mistakes. Our personal conduct ensures that AT&T's name is always worthy of trust". (APP. H) (Emphasis added).

Clearly it is not honest or ethical to make clear unambiguous promises, reap millions of dollars of benefits from obtaining an agreement to radically change wage scales, and then tell employees, even though the promise was very clear, we are not going to follow through on our promises because the federal law says we are not required to do so.

The fifty-eight (58) plaintiffs-employees who were without any other alternatives filed a

breach-of-contract lawsuit claiming jurisdiction under Section 301 of LMRA in September, 1994.

The petitioner has set out the chronological history of this case and summarized the Sixth Circuit's opinion. The respondents will not repeat this information since they have no disagreement with the petitioner's summaries.

REASONS FOR DENYING THE WRIT

The Sixth Circuit's decision in this matter should stand because it is well reasoned, logical, correctly applies case law, and it prevents AT&T from obtaining a financial windfall amounting to millions of dollars from a broken promise -- a promise that induced employees to end a long strike and finalize a collective bargaining agreement.

AT&T's arguments have been difficult to follow from the outset in this case because they start out by asserting that the clear and unambiguous language in the 1986 collective bargaining agreement and President elect Robert Allen's letter sent to striking employees doesn't really state what it appears to state.

AT&T, in its argument, misapprehends case law. AT&T, in presenting its arguments regarding what are the parameters and requirements of Section 9 (a), of LMRA, the applicable statute of limitations and the applicable rules regarding standing, ignores and fails to mention crucial facts.

1. A COLLECTIVE BARGAINING AGREEMENT MAY CONFER BENEFITS ON EMPLOYEES IN ONE BARGAINING UNIT THAT SURVIVE THE EMPLOYEES TRANSFER TO ANOTHER BARGAINING UNIT IN WHICH THEY ARE REPRESENTED BY A DIFFERENT UNION.

The Sixth Circuit noted that this issue was one of first impression and the central issue of the case.

Pursuant to the seminal decision in Textile Workers Union v Lincoln Mills, 353 U.S. 448, (1957), this Court authorized the courts to fashion a body of federal common law for the enforcement of collective bargaining agreements. In addition, this Court declared that the courts must fashion federal common law from the policy of national labor laws and that " the range of judicial inventiveness will be determined by the nature of the problem". 353 U.S. at 457.

The facts of this particular case cry out for a well reasoned decision to avoid allowing a gross injustice to continue.

After being told by three (3) arbitrators and the Sixth Circuit that after obtaining the benefit of its bargain and after making clear promises in a letter, contract language and statements that AT&T must keep its word, AT&T is still trying to renege on its promises.

Given the nature of this problem and AT&T's unconscionable conduct, judicial inventiveness is called for but not required. The Sixth Circuit in reaching its decision regarding this case did not have to be inventive, rather they only had to methodically and logically arrive at a decision based upon three (3) well-established legal propositions. The three (3) well-established legal propositions the Court relied on are as follows:

1. parties to a collective bargaining agreement may agree to a provision conferring benefits that occur during the period in which the agreement is effective, but that are not actually

paid until the expiration of the agreement See John Wiley & Sons v Livingston, 376 U.S. 554-55 (1964).

2. parties to a collective bargaining agreement may agree to "status" (or "Evergreen") benefits which are payable not only after expiration of the agreement, but even after termination of employment of individuals claiming such benefits See International Union, UAW v Yard-Man, Inc., 116 F.2d 1476 (Sixth Circuit 1983), cert. denied, 465 U.S. 1007 (1984) and,

3. the Court in breach-of-contract cases should first look to the explicit language of the collective bargaining agreement for clear manifestations of intent. See Yard-Man, 716 F.2d at 1479.

AT&T and CWA were the architects of the 1986 collective bargaining agreement. If they

didn't want to confer lifetime, portable benefits, then it would have been very easy to prevent this by carefully drafting the contract provisions with appropriate language. More importantly, they should not have presented and promoted them as lifetime benefits if that was not their intent.

The Sixth Circuit's decision is a well-reasoned logical extension of its decision in Yardman, supra. Any problems associated with the employees in this case taking status benefits to another employers' plant location where employees were represented by a different union could have been easily overcome due to the fact that there was nothing in the IBEW collective bargaining agreement prohibiting such an event and more importantly, AT&T had bargained for and obtained a "reservation of management rights clause" which allowed them to honor their promises to pay supplemental wages and pension adders.

2. THE SIXTH CIRCUIT'S DECISION IS NOT IN CONFLICT WITH THE FIFTH CIRCUIT'S HOLDING, IN GENERAL WAREHOUSEMAN AND HELPERS LOCAL 767 V STANDARD BRANDS INC., 579 F.2d 1282 (1978).

AT&T contends that the Court's statement in the General Warehouseman case: supra, where the Court indicated they believed a contract providing that an employee transferring to another plant operated by the same employer where the employee would continue to receive the same wages and benefits that he received at the old plant, despite the existence of a contract with another union at the new location, would be unenforceable, should be relied on in deciding this case.

AT&T is incorrect. The facts of the case are not similar, and AT&T relies on a passing statement of the court as a centerpiece of its argument.

AT&T's argument must fail. The facts of the two (2) cases are not congruent. The General

Warehouseman, supra, holding focused on whether an arbitrator's award was enforceable. The Court indicated there was nothing in the contract that could have created an expectation that the employees would have continued to enjoy the same wages and benefits beyond the expiration of the contract. This is in stark contrast to this case where there was clear and unequivocal language promising lifetime benefits.

AT&T contends that the supplemental wage payments and pension adders are not status benefits and thus cannot extend beyond the life of the contract. AT&T also asserts these benefits cannot be characterized as vested rights as that term has been used in labor law. AT&T curiously does not mention vested rights as the term is used with regard to pension benefits.

There can be little doubt that the language agreed to by AT&T and CWA created lifetime benefits. Second, AT&T negotiated and obtained a "management reservation of rights clause" (APP. 9) from IBEW which gave them the authority to honor their promises to the employees who transferred to Columbus, Ohio.

What is clear from the General Warehouseman case, supra, is that an employer should not be entitled to break promises, and, in certain cases where the facts are appropriate, the employer can be required to pay a lump sum damage award to settle a breach of contract dispute.

The supplemental wage payments and pension adders here were all bundled together in one package under the 1986 collective bargaining agreement. Under pension law, an argument could be made that the pension adders became vested once the contract was signed. More importantly, however, is that based upon the clear and unambiguous language in the contract regarding the supplemental wage payments and pension adders, and once the fifty-eight (58) plaintiffs-employees transferred from a CWA location, to an IBEW location the benefits became vested as a matter of law.

The reason for this is that they were lifetime benefits and once the fifty-eight (58) plaintiffs-employees transferred and IBEW became their

bargaining representative, neither CWA nor IBEW could alter or negotiate away these benefits.

AT&T should be estopped from arguing that the applicable law doesn't allow for this when they knew that AT&T employees were represented by two (2) unions, they knew that they would be closing various plants requiring employees to transfer to various locations and they agreed to the language contained in the contract. In addition, the "reservation of management rights clause" contained in the IBEW collective bargaining agreement if invoked would have allowed AT&T to make the supplemental wage payments.

Holding AT&T responsible is in concert with this Court's decision in W. R. Grace & Co., v Local Union 759, 461 U.S. 757 (1983) where the company was prevented from attempting to shift its conflicts onto the innocent employees and avoid its contractual obligation to them.

3. THE FIFTY-EIGHT (58) PLAINTIFFS-EMPLOYEES WERE NOT REQUIRED TO EXHAUST GREIVANCE AND ARBRITRATION PROVISIONS, NOR WERE THEY REQUIRED TO PLEAD AND PROVE CWA BREACHED ITS DUTY OF FAIR REPRESENTATION.

AT&T asserts that the fifty-eight (58) plaintiffs-employees should not prevail because they did not exhaust the grievance and arbitration provisions of the collective bargaining agreement, and they failed to plead and prove that CWA breached its duty of fair representation.

AT&T's assertions completely ignore the well established law that a fair representation claim is a separate cause of action and not a prerequisite to prosecute Section 301 claims against employers, See Breininger v Sheet Metal Workers Int'l Ass'n, 493 U.S. 67, 86 (1989); that employees are not required to assert breach of duty of fair representation where no duty exists, See Allied Chem. & Alkali Workers v Pittsburgh Plate and Glass Co., 404 U.S. 157, 181 n.20 (1971); that

where in a collective bargaining agreement there is a promise to pay certain wages to identifiable employees, then such identifiable employees qualify as third-party beneficiaries of the agreement for purposes of Section 301, See Lewis v Benedict Coal Corp., 361 U.S. 459, 469 (1960); and that Section 301 does not preclude individual employees from filing a lawsuit to claim certain rights under the collective bargaining agreement. See Smith v Evening News Ass'n, 371 U.S. 195, 200 (1962).

Respondents are at a loss as to how AT&T in good faith can make the argument that the employees should have exhausted grievance and arbitration provisions and then plead and prove that the union breached its duty of fair representation. AT&T knew that both CWA and IBEW refused to help the employees because they have included Mr. Kurnick's letter (IBEW) and Mr. Boyle's letter in their appendix (see PETITIONER'S APP. N and APP. O.) In addition, the applicable law precluded either union from formally attempting to help the employees.

AT&T was the only party who had the legal authority to make the employees whole and provide a remedy to the problem. They had the legal authority because they bargained for and obtained a "reservation of management rights clause" in both the CWA and IBEW contracts. AT&T also had a history of fulfilling wage scale promises made to IBEW employees who transferred to a CWA location.

Based on applicable law, the hands of the two (2) unions were tied. However, AT&T was free to honor its promises but failed to do so.

4. THE FIFTY-EIGHT (58) PLAINTIFFS-EMPLOYEES ARE ENTITLED TO USE THE STATE STATUTE OF LIMITATIONS FOR WRITTEN CONTRACTS.

AT&T's contention that a six-month statute of limitations must be applied in this matter is clearly erroneous. AT&T once again fails to grasp the holding of the DelCostello case. The Sixth Circuit analyzed this issue in great detail and the rationale and logic of the court need not be repeated here.

In short, DelCostello provides the authority to apply the Ohio statute of limitations for written contracts to this case, and AT&T's contention that a six-month statute of limitation should be applied is without merit.

5. THE FIFTY-EIGHT (58) PLAINTIFFS-EMPLOYEES HAVE STANDING TO BRING THIS ACITON.

AT&T argues that the Sixth Circuit was wrong in holding that the fifty-eight (58) plaintiffs-employees had standing to bring this action. AT&T boldly asserts that the Sixth Circuit arrived at this conclusion by creating several fictions.

The analysis required to address AT&T's arguments about standing and respondent's failure to exhaust grievance and arbitration provisions must follow the same path and must rely on the same line of precedents.

The application of the relevant cases which apply to both these areas have been set out previously and will not be repeated here.

Simply put, because AT&T refuses to recognize that the fifty-eight (58) plaintiffs-employees qualify as third-party beneficiaries, their argument fails because their foundational premise is fatally flawed. The cases cited by AT&T are not relevant and AT&T once again has

failed to provide a valid argument supported by appropriate case law to prove the Sixth Circuit erred in its decision.

CONCLUSION

Petitioner has failed to present any valid argument or applicable case law which would justify overturning the well-reasoned decision of the Sixth Circuit.

The obvious obstacles that AT&T could not overcome are that the plain and unambiguous language used in the contract and in Mr. Allen's letter created lifetime benefits. Once the employees transferred to an IBEW location the benefits became interminable because neither IBEW nor CWA could alter or negotiate away those benefits as a matter of law, and a very crucial fact which renders many of AT&T's legal arguments meaningless is the "reservation of management's rights clause" contained in the 1986 IBEW collective bargaining agreement which they negotiated and obtained from IBEW.

The clause essentially negates any argument by AT&T that they couldn't keep their word and pay the supplemental wages because to

do so would have been illegal and would have constituted an unfair labor practice.

AT&T, as a result of Mr. Allen's letter and their promises of lifetime benefits, induced the CWA striking employees to end the strike and finalize the collective bargaining agreement. They have reaped the benefits of their bargain and continue to save millions of dollars each year as a result of the radical wage scale changes negotiated in 1986.

To allow AT&T to break its promises would shift the results of AT&T's misconduct onto the innocent fifty-eight (58) Columbus employees. AT&T would receive a multi-million dollar windfall that was not a result of the collective bargaining process. Such a windfall under the circumstances would be unconscionable and morally reprehensible.

The Sixth Circuit's decision was correct. The heavy burden of AT&T's egregious, dishonorable conduct was lifted from the backs of the fifty-eight (58) Columbus employees. Therefore, the summary judgment in the Southern District of Ohio was properly reversed and

remanded for an entry of partial summary judgment for the fifty-eight (58) Columbus employees.

The respondents respectfully submit to this Honorable Court that petitioner's petition for a writ of certiorari should be denied.

Respectfully Submitted,

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APPENDIX A

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

JUNE 12, 1986,
ROBERT E. ALLEN OF AT&T,
LETTER TO CWA STRIKING EMPLOYEES

R.E. Allen
President-Elect

June 12, 1986

Dear Fellow Employee:

Over the past week you've heard a great deal about the contract offer we've made to your union. The company believes it's a fair deal, one that will benefit you and us. If you look at the details of the offer, I think you'll conclude that it's in the interests of everyone -- you, your union, and the company -- for AT&T and the CWA to come to an agreement so you can return to work.

You union is on strike because on May 31 it rejected our offer on the national bargaining table in Washington, D.C. The company believes this offer is a good one. It increases your level of earnings, improves your benefits and assures you a high degree of employment security.

Your union has raised concerns in the media over additional issues that relate to local bargaining, I would suggest that the forum to discuss and resolve those issues is

at the local bargaining tables. Those talks have been suspended until we come to some resolution of the national issues. When we reach agreement at the national level, we can resume local bargaining to solve those issues.

I've taken some time to highlight the national offer below, particularly how we think it will benefit you. When you read this, I believe you'll see it is a win/win offer -- good for you and good for the company.

As part of the package, your wage will increase up to 8 percent over the next three years -- an offer that compares favorably with agreements reached in other industries this year. By the end of the contract, pension rates will have increased by more than 8 percent.

The offer introduces an employment security plan that's a trend-setter: It's more comprehensive than any package we've seen so far. The training program, which will be jointly developed with your union, will give employees the opportunity to prepare themselves for other jobs inside our outside the company. It will provide career counseling. It will establish a transfer plan that will enable you to compete for jobs throughout AT&T. It enables employees who will be laid off to nominate themselves for other jobs throughout AT&T. And, if they're qualified, the company guarantees it will not hire anyone into those jobs before offering the positions to the employees. In addition, if employees have to relocate, the company will help pay

moving expenses -- up to $7,500 -- depending on the amount of termination pay due.

This offer also establishes a four-level structure for Network Systems installers. But, as with all of the competitive parts of our offer, we have made certain that no one will lose money or be downgraded as a result of the new structure. Anyone who is currently an Index 1 or 2 installer will be reclassified to Index 3 and the lowest level of the new structure will be staffed only by new hires into the installation work force.

We also plan to offer a special separation program to Network Systems installers who age and services total 75. We'll pay them a separation allowance based on their length of service, up to a maximum of $45,000.

In our manufacturing locations, we plan to consolidate the current nine-grade level of work into two or three grades, depending on location. Again, no one will lose money under this plan. In fact, more than half of you affected by this plan -- 52 percent -- would earn more money and have greater headroom while the remaining 48 percent would suffer no loss in wages. And, nearly half of all production workers will earn pension increases ranging from 3.3 percent to 12,7 percent as a result of this grade-level consolidation.

We also plan to replace wage incentives in all of our factories. The incentive payments will be replaced with additional increases of 2 or 3 percent in the base wage,

depending on location. That increase is in addition to the 8 percent increase called for in our offer. In addition, wage-incentive employees will receive special monthly payments, based on their wage incentive earnings history. * These payments will be made to employees as long as they're employed by the company. * Special pension ladders, ranging from 16 percent to 24 percent of current pension band values depending on location, will be applicable to all wage-incentive employees.

This contract offer also includes improvements to your benefit program, one that is already among the best in the business. For instance, we'll pay up to $1,000 each year in dental bills for you and each of your covered dependents. That's $250 more that what we paid under the last contract. Or, if you (or your dependents) need treatment in an extended care facility or need a nurse to see you in your home after you've been hospitalized, this offer would cover the cost of those treatments. If you, your children, or other dependents develop a drug dependency, you'll be able to seek treatment knowing the costs will be covered. And if you want to purchase additional life insurance coverage, you'll be able to buy up to four times the amount that we already buy for you, at group rates that for most people are up to 60 percent lower than current rates.

We've found a way to control the cost of medical coverage without asking you to pay for medical treatment.

All we ask is that you notify an administrator when you expect to be hospitalized, and obtain a second opinion for selected surgeries. But remember, no one makes decisions about your medical treatment but you and your doctor.

We've improved your savings plan, adding an option that will allow you to save money before it's taxed so more goes into your pocket, and less goes to the government. And we've expanded the savings schedule to let employees who make more, save more.

We think this offer contains a lot of benefits for you and we hope that you agree. It helps put the company in a position to compete in today's environment, a necessary step to assure work for our employees. It does that without taking anything away from you.

We think it's a good, fair offer -- one that should not gave prompted a strike.

Very truly yours,

/s/ R.E. Allen

APPENDIX B

AN ADVERTISMENT BY AT&T
PLACED IN THE KANSAS CITY TIMES
ON SATURDAY JUNE 7, 1986

Pages B-1 thru B-4

A message from AT&T to our people represented by the Communications Workers of America

A FAIR OFFER TO THE BEST PEOPLE IN THE BUSINESS.

8% WAGE INCREASES IN MAXIMUM RATES OVER 3 YEARS TWO 4% INCREASES IN PENSION RATES TREND-SETTING EMPLOYMENT SECURITY PROGRAM IMPROVEMENTS IN HEALTH AND RELATED BENEFITS ABSOLUTELY NO GIVEBACKS

The great strength of AT&T has always been its people.

In the current competitive climate, the abilities of AT&T people to provide better products and services made the critical difference between us and other companies here and abroad.

We value our people. We seek no concessions from you . Our need is to get on with the future. Our offer is a reasonable way to work together, with fair rewards for the job only you can do. These are the major points in that offer.

WAGES

Wages will increase 8 percent over a three-year period; 2 percent in the first year, 3 percent in the second year, and 3 percent in the third year. An operator earning $414 a week under the current contract will earn $448 after the third year. A systems technician currently earning $613 a week will earn $665 after the third year. However, no Cost of Living Adjustment (COLA) is included in the contract agreement. As you may know, the rate of inflation is currently running at less than one percent per year. Obviously, guaranteed increases are more meaningful.

PENSIONS

Pensions will increase 4 percent on October 1, 1986, for those who retire on or after the effective date of the contract. Pensions will increase 4 percent on October 1, 1988, for those who retire by that date will increase by up to 4.5 percent, with the percentage increase prorated depending on the date of retirement.

EMPLOYMENT SECURITY

A four-element program will give employees the opportunity to develop their skills and abilities and make their employment as secure as possible.

1. Two reports will provide employees with information about the future course of employment opportunities in the business. The Opportunities Outlook Report will identify the types of jobs in which growth or decline is anticipated. The

Placement Report will show employment and placement activity by occupational-job category.

2. There will be a jointly administered union-company training and retraining program.
3. A Transfer Consideration Program will give occupational employees an opportunity to move into jobs in other departments, geographic areas and/or AT&T organizations.
4. A program will be designed for employees facing or experiencing layoffs. The Employment Opportunities Review System guarantees them first consideration for positions anywhere in the company that would otherwise be filled by candidates from outside AT&T.

COMPETITIVE MEASURES

To increase AT&T's ability to compete in the information movement and management business, a new three-level job structure will be established for the technical-support forces at AT&T Information Systems. This structure will be more like that of competitors.

The current systems technician jobs will be retained in this hierarchy, and two new technician's jobs will be created. One will be designated technician's assistant. The other will be a higher-level senior technician's position.

No systems technicians are being downgraded, and none will lose money as a result of dividing the job into three levels.

Wage incentive payments that workers receive will be substituted with additional payments in the base rate and supplemental payments. In today's business of building complex products, quality rather than quantity is the goal.

Manufacturing-production jobs, currently separated into nine grades, will be consolidated into two or three grades. Wage progression will be longer, but maximum wages will be higher.

HEALTH CARE

The Medical Expense Plan will be expanded to include payment for treatment in extended care facilities and for services provided by home health-care agencies and birthing centers. Coverage for alcohol-abuse treatment will be expanded to cover dependence on drugs.

The maximum yearly dental benefits will be increased to $1,000. Employees will have the option to purchase a lower group rates, supplementary life insurance at as much as four times the amount of basic coverage provided by the company.

As you can see, the offer is fair. It demands no concessions. It is intended to made us more competitive and more secure. It is intended to help all of us in AT&T to work together to build the future. Let's get on with it!

/s/ R.E. Allen
Robert E. Allen
President-Elect

APPENDIX C

A COPY OF CWA
FINAL BARGAINING REPORT OF 1986

Pages C-1 thru C-11

CWA
FINAL BARGAINING
REPORTS
1986

AT&T - MANUFACTURING (MFG-3)

June 27, 1986

Dear Member:

In the past several weeks we have all been reminded that worthwhile gains are not easily won. We now submit to you the details of the tentative agreement which is the result of your ongoing support and sacrifices.

We believe this agreement provides a solid package of wages and benefits that includes several historic new gains for AT&T workers and the industry. When viewed in the context of today's telecommunications industry and compared to what other workers have recently received, we think this is a good contract that was worthy of your sacrifice during the strike.

The collective bargaining process involves compromise and "give-and-take." We did not win all we would have liked to achieve. But your courage during the strike helped us to successfully convince management to improve many of their "final offer" positions which led us to the walk-out.

The settlements is valued at nearly $750 million. Maximum wage rates will rise by 8.2 percent over the three

years, and average total compensation, which includes fringe benefits, will increase by 10.2 percent. The average wage will rise from $473.59 to $511.48.

Management told us they would take a strike to get COLA out of the contract. They did. While we were unable to achieve COLA payments in lieu of the eight percent guaranteed wage increases, we did retain the language. We fought hard to retain the payments and are disappointed that we did not succeed. However, our economists indicate that based on cost of living projections over the next two years, we are likely to have a gain in real dollars. In May 1986 we'll be able to measure how we fared in relation to the actual rise in the consumer price index.

Most significant, we won a number of provisions on employment security, many of which came only as a result of the strike. Highlighting the list is a four-point strategy including regular Opportunities Outlook and Placement Reports to increase the flow of information to workers about job opportunities, a $21 million jointly administered non-profit corporation to provide training and retraining, a Transfer Consideration Plan to enable workers to make their career choices known to the Company, and a job bank through which laid-off workers can obtain job opportunities before the Company hires off the street.

We succeeded in protecting the jobs of our Systems and Services Technicians. Systems and Services

Technicians will have the opportunity to qualify for a higher-rated Senior Technician title, and others who choose to retire will receive a handsome supplement. In addition, the Company agreed not to hire into the lower-rated Technician's Assistant title if so doing would cause Systems or Services Technicians to be laid off or downgraded.

For our telephone Operators, we obtained a guarantee that no individual Operator will be disciplined solely on the basis of Average Work Time. And for all our members, we made significant headway in reducing the scope and extent of contracting out. Specifically, the Company has agreed not to contract out bargaining unit work in a geographical commuting area where layoffs are pending or have already occurred and bargaining unit members able to perform the work retain recall rights.

Another major contract gain occurred in the manufacturing plant at AT&T Technologies. Wage incentive Plans will be eliminated, and all wage incentive workers and day workers formerly on Incentives during the last 36 months will receive both increases in their base rates and special supplemental hourly payments. In addition, the grade "30" series of titles will be consolidated into two or three occupational levels at each plant.

In the area of health care, we amended the Medical Expense Plan with a number of new benefits and improved the dental plan. Once again we successfully fought off the Company's effort to shift health case costs to the workers.

Moreover, many of our proposals on health care cost containment have been incorporated into the plan.

These are only a few of he benefits negotiated in the contract that is being presented to you for ratification. The negotiations just concluded have been the most difficult in more than 25 years - being impacted by divestiture, deregulation, a change in the top company management during bargaining and another union settling for what we believed was insufficient to protect the basic security of our membership.

Just as you, we have our disappointments. But, we never get all we believe we are entitled to. What every member should remember is that despite great odds and despite the anti-labor environment existing in America today, we chose to fight for what we believed was right. Every strike brings short and long term gains. The short term gains are in the contract we present to you . The long term gains, the fact that some 150,000 workers stuck together against the odds, will impact on future labor-management relations between CWA and AT&T for many years to come. These long term gains will go a long way to improve the quality of life, not only for those working today but for today's children who will be tomorrow's union members.

We have been proud to march with you and recommend your ratification.

VHI. AT&T TECHNOLOGIES

1. Special Voluntary Separation Program for Installers in Network Systems

Once during the term of the contract CWA-18 only, employees in each administrative area whose age and service total 75 or more, will be offered the opportunity to resign their employment and receive a special separation allowance. The special allowance is based on the layoff allowance article of contract CWA-18 up to a maximum payment of $45,000. This special supplement will be added to any pension benefit affected employees are entitled to receive. The resignation date may be postponed for up to one year from the date of offer depending upon the needs of the employer.

While workers between age 47 with 28 years service and age 65 with 10 years service are eligible for this special program, workers who are age 55 or more and have 25 or more years of service will benefit the most under this program. The following examples which compare the proposed special payment with existing Supplemental Income Protection Plan (SIPP) payments illustrate the advantages of the proposed plan.

Network Installer Age 55 with 25 Years of Service
Retiring Under the Special Voluntary
Separation Program
Before June 21, 1987

Current

Annual Pension Benefit
(Pension Band 121):
$29.19 x 25 yrs. x 12 months = $ 8,757
SIPP: = $21,700
(40% of Base pay plus
$8/year of service
maximum $400 for
48 months plus
$2,500)
Total Payment = $30,457

Proposed

Annual Pension Benefit
(Pension Band 121):
$30.36 x 25 yrs. x 12 months = $ 9,108
Special Separation Allowance= $37,147
(54 weeks of termination pay)

Total Payment = $46,255

Network Installer Age 60 with 30 Years of Service
Retiring Under the Special Voluntary
Separation Program
Before June 19, 1986

Current

Annual Pension Benefit
(Pension Band 121):
$29.19 x 30 yrs. x 12 months = $10,508
SIPP: = $22,200
(40% of Base pay plus
$8/year of service
maximum $400 for
48 months plus
$2,500)
Total Payment = $32,708

Proposed

Annual Pension Benefit
(Pension Band 121):
$30.36 x 30 yrs. x 12 months = $10,930
Special Separation Allowance= $45,000
(59 weeks of termination pay
x $708.58 = $48,892
which is over the maximum of
$45,000)

Total Payment = $55,930

2. Wage Incentives

In recognition of the changing structure of work in the manufacturing environment, CWA and AT&T have agreed to eliminate the Wage Incentive Plans Workers will be compensated for this change through a restructuring of hourly pay through the Manufacturing Grade Level Consolidation Plan combined with a special hourly payment supplement Wage Incentive workers and any day workers on the payroll as of June 1, 1986 who performed wage incentive work at any time over the past three years will be eligible for the special hourly payments. These payments will continue as long as the worker remains in a production occupation level (or tester occupation level in Merrimack Valley and the North Carolina Works). The payments will apply to all time paid including approved absences, except for paid Excused Work Days and sickness absences not covered by the Sickness and Accident Disability Benefit Plan.

The special hourly payments by plant are as follows:

Grade Level	Special Hourly Payment
	Atlanta Works
Grade 32	$ .88
33	.95
34	.99
35	1.05
36	1.10
37	1.15
38	1.21
	Burlington Plant
Grade 32	$1.05
33	1.10
34	1.16
35	1.23
36	1.29
37	1.38
38	1.45
39	1.54

Kansas City Works

Grade 32	$1.24
33	1.33
34	1.41
35	1.50
36	1.57
37	1.63
38	1.70

Merrimack Valley Works

Grade 32	$ .73
33	.77
34	.81
35	.88
36	.90
37	.96
38	1.01
39	1.07
40	1.12

North Carolina Works

Grade 32	$1.13
33	1.18
34	1.25
35	1.32
36	1.39
37	1.48
38	1.57

Pheonix Works

Grade 32	$ .91
33	.98
34	1.03
35	1.09
36	1.16
37	1.22

Richmond Works

Grade 32	$ .58
33	.59
34	.62
35	.66
36	.69
37	.73

APPENDIX D

APPENDIX A
OF THE CWA MFG-3
NORTH CAROLINA WORKS
COLLECTIVE BARGAINING AGREEMENT

Pages D-1 thru D-2

APENDIX A
CWA MFG-3
NORTH CAROLINA WORKS

C. SPECIAL SUPPLEMENTARY WAGE TREATMENT

If an employee's existing BASE RATE exceeds the MAXIMUM RATE for the PRODUCTION AND TESTER OCCUPATION LEVEL to which initially assigned, the employee's BASE RATE shall be adjusted downward to equal the applicable MAXIMUM RATE. Such employee will be eligible to a supplementary wage allowance calculated and administered as follows:

a. Such allowance shall be an hourly amount equivalent to the difference between the employee's BASE RATE in effect immediately preceding such reclassification, and his or her new BASE RATE as of the effective date of such reclassification as shown in Paragraph B.

b. Payment of this allowance shall begin as of the effective date of such reclassification and will continue as long as the employee remains in a PRODUCTION or TESTER OCCUPATION LEVEL.

c. Such allowance shall be paid for all time paid for, including absences approved for payment.

The supplemental wage treatment allowance calculated above shall be further increased by the amounts indicated below for those hourly production employees who were in Grades 34 and 38 immediately prior to such reclassification:

Former Production Grade Level	Additional Supplemental Wage Treatment Allowance to Which Eligible
34	$ .27 per hour
38	$ .34 per hour

APPENDIX E

APPENDIX A
OF THE CWA MFG-3
KANSAS CITY WORKS
COLLECTIVE BARGAINING AGREEMENT

Pages E-1 thru E-3

APPENDIX A
CWA MFG-3
KANSAS CITY WORKS

C. SPECIAL SUPPLEMENTARY WAGE TREATMENT

If an employee's existing BASE RATE exceeds the MAXIMUM RATE for the PRODUCTION AND TESTER OCCUPATION LEVEL to which initially assigned, the employee's BASE RATE shall be adjusted downward to equal the applicable MAXIMUM RATE. Such employee will be eligible to a supplementary wage allowance calculated and administered as follows:

a. Such allowance shall be an hourly amount equivalent to the difference between the employee's BASE RATE in effect immediately preceding such reclassification, and his or her new BASE RATE as of the effective date of such reclassification as shown in Paragraph B.

b. Payment of this allowance shall begin as of the effective date of such reclassification and will continue as long as the employee remains in a PRODUCTION or TESTER OCCUPATION LEVEL.

c. Such allowance shall be paid for all time paid for, including absences approved for payment.

D. SPECIAL HOURLY PAYMENTS

Employees who are on the roll as of June 29, 1986, and who were classified as wage incentive employees as of June 28, 1986, will be elegible to the special hourly payments listed below based on the employee's grade level as of June 28, 1986.

For purpose of this Section, "elegible employees" shall include any employee classified as Day Workers as of June 28, 1986, who, at any time during hte three years prceding such date, have occupied a position in which they received wage incentive payments.

a. These special hourly payments shall begin as of June 29, 1986, and will continue as long as the employee remains in a PRODUCTION OCCUPATION LEVEL.

b. These special hourly payments shall be paid for all time paid for, including absences approved for payment except for paid Escused Work Days and sickness absences which are not covered by the Sickness and Accident Disability Benefit Plan.

Former Grade Level	Amount of Special Hourly Payment To Which Eligible
32	$1.24
33	1.33
34	1.41
35	1.50
36	1.57
37	1.63
38	1.70

APPENDIX F

JOINT MEMORANDUM FROM
R.E. BULLOCK & E.P. HUBBARD
OF FEBRUARY 24, 1988
TO NORTH CAROLINA EMPLOYEES
EXPLAINING THE FACILITY
CLOSING PROGRAM

Pages F-1 thru F-4

February 24, 1988

TO ALL OCCUPATIONAL EMPLOYEES - WINSTON-SALEM

Re: Facility Closing Program Job Posting & Bidding

As you are probably aware jobs were posted commencing February 1, 1998, and qualified employees who have 15 or more years TERM OF EMPLOYMENT are eligible to bid for available hiring level vacancies at other AT&T facilities under the Facility Closing Program (FCP).

HERE'S HOW THE PROCEDURE WORKS

Job openings at other locations are posted on existing Job Posting & Bidding Boards located at Vargrave, Lexington Road, Reynolda Road, and Waughtown Street for a period of 3 days. As in the past, bids must be received within these 3 days for consideration. Bids received late will be invalid.

Attached to this letter is a job bid form which will be used for FCP job posting and bidding. If you choose to bid on a posted job, then:

1. Fill out the bid form,

2. Have the bid form signed by a supervisor in your line organization. This signature is for informational purposes only.

3. Place the bid form in its entirety in the bid box by the response date called for in the job opening posting. One copy will be obtained in the Employee Assistance Center for employee reference and the other by the Joint Movement of Personnel Committee.

HERE ARE THE PROCEDURES:

1. Qualified bidders will be submitted to the location having the opening in order of TERM OF EMPLOYMENT (i.e., longest service first).

2. Hourly rated employees may bid for a salaried graded job and vice versa.

3. For Transfers to a represented job an employee shall maintain his or her TERM OF EMPLOYMENT for purposes of LAYOFF and all other purposes except Movement of Personnel. For Movement of Personnel purposes an employee shall be treated as a new hire and his or her seniority at the receiving location shall be used for a

period of 3 years after which TERM OF EMPLOYMENT shall apply.

4. An employee selected for placement at another location who subsequently declines the transfer offer at the time of the transfer offer will be afforded additional opportunities to bid on future posting at any location. The Joint Movement of Personnel Committee agree to work out guidelines to discourage occupational represented employees who bid on a job from turning down job offers. An employee selected for placement at another location and who accepts the job, then subsequently refuses the transfer will not be considered for placement on future openings at any location.

5. Special Hourly Payments language to be developed upon conclusion of discussions at the National level between the Union and the Company.

6. An employee who is in progression at the time of transfer shall be placed in the same relative position in progression if at the same grade level, but at the Job Rate if placed in a lower grade.

An employee who transfers to an entry level job shall receive the Job Rate of the grade level to which transferred.

7. Company sponsored trips will be limited to an employee who has accepted a job offer as provided by Company policy and contractual agreements. Visits to a receiving location to view the facility or for a job interview are not provided.

/s/ E.P. Hubbard, Jr.	/s/ R.E. Bullock
E. P. HUBBARD, President	R. E. BULLOCK, Manager
CWA, Local 3060	Human Resources

APPENDIX G

THE AFFIDAVIT OF ROBERTA E. ANDERSON

Pages G-1 thru G-4

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
EASTERN DIVISION

ROBERTA A. ANDERSON, et al.,

Plaintiffs, **Case No. C2—94—851**

-V- **Judge George Smith**

AMERICAN TELEPHONE & TELEGRAPH CO., et al. **Magistrate Judge Mark Abel**

Defendants.

AFFIDAVIT

1. Affiant state she is a Plaintiff in the above captioned action and she is competent to testify in this matter.
2. Affiant states she was employed by AT&T and represented by the Communication Worker's of America (CWA) in 1986 when CWA went out on strike for twenty nine (29) days.
3. Affiant states she sometime after the 1986 strike transferred to the Columbus Works and was then represented by IBEW Local 2020.
4. Affiant states after the 1986 CWA collective bargaining agreement was reached, that CWA and AT&T officials explained to her the SHP/SSWT payments and pension adders would be lifetime

benefits as long as she remained in a production position with AT&T.

5. Affiant states that CWA officials never informed her that she would stop receiving SHP/SSWT payments and lost the right to receive pension adders upon transfer to an IBEW location.

6. Affiant states that AT&T officials never informed her that she would stop receiving SHP/SSWT payments and lost the right to receive pension adders upon transfer to an CWA location.

7. Affiant states that she received a personal letter from AT&T's President-Elect Robert Allen during the 1986 strike. Affiant further states that Mr. Allen's letter promised if CWA striking employees would accept AT&T's offer they would receive SHP/SSWT payments and be entitled to pension adders as long as they remained in a production position with AT&T.

8. Affiant states she never received a lump sum payment from AT&T as consideration for relinquishing her right to receive SHP/SSWT payments and pension adders in the future.

9. Affiant states she or her representative contacted CWA officials and requested assistance in obtaining the resumption of SHP/SSWT payments after such payments ceased when they transferred to the Columbus Works but they refused.

10. Affiant states she or her representative contacted IBEW officials and requested assistance in obtaining the resumption of SHP/SSWT payments after such payments ceased when they transferred to the Columbus Works but they refused.

11. Affiant states she or her representative contacted IBEW officials and requested they continue to pay SHP/SSWT payments following her transfer to the Columbus Works but AT&T refused.

12. Affiant states that at the time she transferred that she could have transferred to a CWA location.

13. Affiant states that if she had known SHP/SSWT payments would cease upon transfer to an IBEW location, that she would have transferred to a CWA location.

14. Affiant states that she relied on the plain meaning of the 1986 MFG-3 contract and the representations of CWA and AT&T officials and as a result of such reliance has bee damaged financially.

15. Affiant states that based upon reasonable assumptions as to the remaining years until retirement and a normal life expectancy following retirement, that AT&T refusal to make SHP/SSWT payments and pay pension adders will result in an estimated lost of compensation and pension payments in excess of $ 81,000.00.

Further, Affiant sayeth naught

/s/ Mary B. Dalton

Subscribed and sworn to before me this 23 day of March, 1996.

/s/ Richard E. Lord
NOTARY PUBLIC

My commission expires: My commission has no expiration date.
Section 147.03 P.C.

APPENDIX H

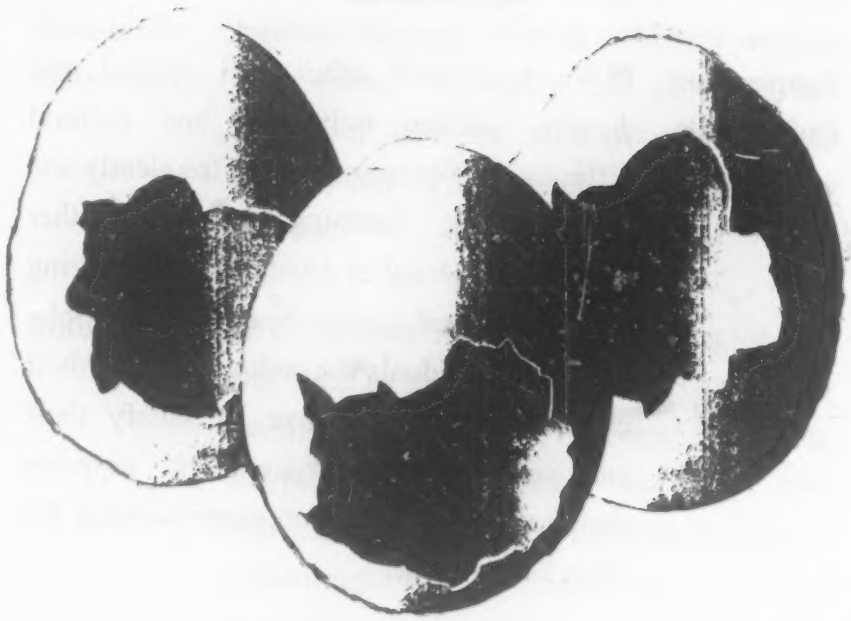
AT&T 1995
ANNUAL REPORT (EXCERPT)

Pages H-1 thru H-4

AT&T

----------1995 ANNUAL REPORT----------

WE'RE HATCHING THREE UNUSUAL START-UPS.



32 Avenue of the Americas
New York, NY 10013-2412
212 387-5400

Our Common Bond

We commit to these values to guide our decisions and behavior

Respect for Individuals

■We treat each other will respect and dignity, valuing individual and cultural differences. We communicate frequently and with candor, listening to each other regardless of level or position. Recognizing that exceptional quality begins with people, we give individuals the authority to use their capabilities to the fullest to satisfy their customers. Our environment supports personal growth and continuous learning for all AT&T people.

Dedication to Helping Customers

■We truly care for each customer. We build enduring relationships by understanding and anticipating our customers' needs and by serving them better each time than the time before. AT&T customers can count on us to consistently deliver superior products and services that help them achieve their personal or business goals.

Highest Standards of Integrity

■We are honest and ethical in all our business dealings, starting with how we treat each other. We keep our promises and admit our mistakes. Our personal conduct ensures that AT&T's name is always worthy of trust.

Innovation

■We believe innovation is the engine that will keep us vital and growing. Our culture embraces creativity, seeks different perspectives and risks pursuing new opportunities. We create and rapidly convert technology into products and services, constantly searching for new ways to make technology more useful to customers.

Teamwork ■ We encourage and reward both individual and team achievements. We freely join with colleagues across organizational boundaries to advance the interests of customers and shareowners. Our team spirit extends to being responsible and caring partners in the communities where we live and work.

By living these values, AT&T aspires to set a standard of excellence worldwide that will reward our shareowners, our customers, and all AT&T people.

APPENDIX I

COLUMBUS DISPATCH ARTICLE OF AUGUST 5, 1986 REGARDING CWA THREE (3) YEAR CONTRACT WITH AT&T

Pages I-1 thru I-3

CWA union approves 3-year contract with AT&T

By Kent Darr
Dispatch Staff Reporter

The Communications Workers of America has ratified a three-year contract with AT&T that resulted from a 26-day strike in which union members lost pay and the company watched its earnings slip about $140 million.

But both sides said yesterday the contract will have long-term benefits for workers and the company.

Jackie Williams, a spokesman for American Telephone and Telegraph Co. in Columbus, said the company reported earnings of $8.42 billion for the quarter ending June 30, compared to earnings of $8.56 billion for the same quarter last year.

The lost resulted from delays in installing equipment due to the strike and a lull in the market for computer equipment, Williams said.

A major issue in the strike was the company's demand that cost-of-living increases be eliminated from the contract. The union gave up the increases, but under the contract language it can attempt to regain them in later contracts.

Williams said it was important to eliminate coast of living so the company would know exactly what it would be paying in salaries.

"That's really the thrust of the whole thing," Williams said.

The company should recover from its second quarter losses by end of the year, he said.

The contract gives about 800 AT&T workers in Columbus and 155,000 in the country wage and benefit increases of 10.2 percent.

Union members ratified the contract by a 3-1 margin, said Jim Prologo, vice president of CWA local 4310 in Columbus. A tentative agreement was reached June 26.

The contract includes wage increases of 2 percent the first year, effective June 22, and 3 percent in the second and third years. Average wage will increase from $473.59 a week to $511.48, according to the union.

Production workers also lost wage incentives, and the company won the right to consolidate job classifications.

The union resisted a company effort to shift a greater share of health care costs to employees and won improvements in some health benefits, including an increase from $750 to $1,000 in the maximum paid for dental work.

The contract contains job security provisions, including a training school operated by the CWA and AT&T in which workers whose jobs are no longer needed by the company would be retrained.

CWA President Morton Bahr said in a news release that works received improvements that total $750 million.

This is the first contract negotiated since the court-ordered breakup of AT&T in August 1984.

The contract is similar to one ratified June 15 by the International Brotherhood of Electrical Workers. The union, with about 3,400 members employed by AT&T in central Ohio, did not go on strike.

APPENDIX J

"RESERVATION OF MANAGMENT RIGHT CLAUSE" CONTAINED IN 1986 IBEW COLLECTIVE BARGAINING AGREEMENT

Pages J-1 thru J-2

APPENDIX

ARTICLE 2 - RIGHTS AND OBLIGATIONS

Management of the Business

1. The right to manage the business and to direct the work forces and operation of the business, subject to the limitations imposed by this Agreement, is vested in, and retained by, the COMPANY.

Federal and State Laws

2. In the event that any provision of this Agreement should be modified or deleted to conform to any federal or state law or regulation, or any order, determination, ruling or regulation of a federal of state executive or administrative agency or court, the COMPANY shall notify the UNION in writing. Negotiations shall then take place if requested by the UNION. In the event of such negotiations, the changes shall not be implemented until (a) agreement is reached, or (b) the COMPANY determines that timely action is required by the law, regulation, order, determination or ruling, whichever occurs sooner.

Nondiscrimination

3. There shall be no discrimination on the part of the COMPANY or the UNION, or its officers, members, representatives or agents, against any employee because of membership or non-membership in the UNION.

4. No employee shall be subjected to prejudice or discrimination because of action taken by representatives of the UNION in presenting grievances instituted for such employee under the provisions of this Agreement.

5. Neither the UNION, nor its officers, member, representatives or agents, will intimidate or coerce employees into joining or continuing their membership in the UNION.

6. Neither the COMPANY nor the UNION shall unlawfully discriminate against any employee because of race, religion, color, sex, age or national origin, or because he or she is handicapped, a disabled veteran or a veteran of the Vietnam era.